

SUPPLEMENT

THE MINISTRY OF OVERSEAS AFFAIRS NOTIFICATION
AND DIRECTIVES TO THE PRESIDENT OF THE
SOUTH MANCHURIAN RAILWAY COMPANY

The Vice Minister of Overseas Affairs Ministry's
Notification of May 9, 1932 to the President
of the South Manchurian Railway Company

Concerning the agreement in regard to the deputation in management and new construction of railways, harbors and rivers as per your petition SMR Doc. #32/2 of April 20th, we beg to inform you that permit has been granted today as per attached copy. In the enforcement of the said agreement, we beg to instruct you, under orders, that you will take into consideration the foreign relations of Japan and Manchukuo, especially the principles of Open Door Policy and the Equality in Opportunity, together with the Covenant of Loans for China, of which you will adjust its formality according to the circumstance.

DIRECTIVE: Colonial-Confidential No. 1

May 9, 1932

Count UCHIDA, Yasuya
President, South Manchurian Railway Company
Sir:

We beg to inform you that we have granted you our permit on the agreement concerning the deputation in management and new construction of railways, harbors and rivers, in compliance to your petition, SMR Doc. 32, #13/2 of April 20th, provided that you will take the following into your consideration.

HATA, Toyosuke
Minister of the Overseas
Affairs Ministry

1. Your company shall open a special account in relation to the deputation in management.
2. The term "deputation in management of rivers" means "shipping enterprises carried on rivers", and is excluded of levee works.
3. The construction of railway lines after the second construction line in the second railway programme of the supplementary table should be executed after carrying out further negotiations with the various provinces concerned.

4. The "alteration" in the contents of the agreement, as provided for in Article 15 of the said text, has been stipulated with the view for emergent cases in national defense.
5. 5% of the profits from the deputation in management shall be acquired by your company; the balance outstanding after deducting the working funds; 50% of the interest of the old loans; and interests from the new loans, from the gross income.
6. Deductions shall be effected in order from the gross incomes derived through the deputation in management, as follows: (1) Working funds; (2) Interest from the new loans (3) 50% of the interest from the old loans; (4) Your company's profits acquired from the deputation in management; (5) Profits to be deposited to our account.
7. In regard to the loan interest within the parenthesis of Article 1 and the agreement in Article 10, interest of loans in relation to the SSUPINGKAI-TAONAN; TAONAN-ANGANCH; and the KIRIN-TUNGCHUA Railway lines need not be paid until such time that the deposited amount of your company can sustain the full amount of the current expenditure from the funds maintaining the national army stationed in Manchuria. However, approximately one-half of that amount must be paid, beginning from the third year (1934).

The incomes from the deputations in management and the interests payable from the old loans shall be effected on condition that the deposited amount of the previous year will not be deteriorated.

8. Surplus profits shall be acquired by your firm and the government of Manchukuo, the balance derived from subtracting the deposits, your company's income from the deputation in management and the principles and interests of the loans from the profits earned by deputation in management.